

- JUN - 1 2022

No.  
Vancouver Registry



IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C., 1985 c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CANADIAN  
DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONER

PETITION TO THE COURT

**This proceeding is brought by the Petitioner for the relief set out in Part 1 below.**

If you intend to respond to this proceeding, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner(s)
  - (i) 2 copies of the filed response to petition, and
  - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

**Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.**

**Time for response to petition**

A response to petition must be filed and served on the petitioner(s),

- (c) if you were served with the petition anywhere in Canada, within 21 days after that service,
- (d) if you were served with the petition anywhere in the United States of America, within 35 days after that service,
- (e) if you were served with the petition anywhere else, within 49 days after that service, or
- (f) if the time for response to petition has been set by order of the court, within that time.

The address of the registry is: 800 Smithe Street  
Vancouver, BC V6Z 2E1

The ADDRESS FOR SERVICE of the petitioner(s) is: Colin D. Brousson  
DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Fax number address for service (if any):

E-mail address for service (if any): [colin.brousson@dlapiper.com](mailto:colin.brousson@dlapiper.com)

The name and office address of petitioner's lawyer is: Colin D. Brousson  
DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

### CLAIM OF THE PETITIONER(S)

#### Part 1: ORDER(S) SOUGHT

1. The Petitioner makes an application for an order under the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended ("**CCAA**"), substantially in the form attached hereto as Schedule "A" (the "**Initial Order**"), granting the following relief:
  - (a) declaring the CCAA applies to the Petitioner;
  - (b) a stay of all proceedings and remedies taken or that might be taken in respect of the Petitioner or any of their property, except as otherwise set out in the Initial Order or otherwise permitted by law;
  - (c) authorizing the Petitioner to carry on business in a manner consistent with the preservation of their property and business and to make certain payments in connection with their business during the CCAA proceeding;
  - (d) appointing FTI Consulting Canada Inc. ("**FTI**") as monitor in these proceedings (the "**Monitor**");
  - (e) authorizing the Petitioner to file with the Court a plan or plans of compromise and arrangement; and
  - (f) such further and other relief as this Honourable Court may deem just.

## Part 2: FACTUAL BASIS

1. The Petitioner, Canadian Dehua International Mines Group Inc. (“**CDI**”) is a company incorporated pursuant to the laws of British Columbia.
2. CDI is a company that invests in, and operates, mining assets in British Columbia and elsewhere.
3. CDI was incorporated in 2004 in order to develop underground core mining properties.
4. CDI primarily cooperated on mining projects with major Chinese mining companies and steel factories as partners. However, for various reasons, a number of the projects did not proceed as planned. This has resulted in significant debt and limited revenue while CDI finds new buyers and develops new mining projects.

### Corporate Structure

5. CDI holds a portfolio of mining rights and interests in a number of mining companies.
6. Specifically, CDI wholly owns three mining project or services companies:
  - (a) Wapiti Coking Coal Mines Corporation (“**WCCM**”);
  - (b) Canada Dehua Drilling Ltd. (“**CDD**”); and
  - (c) Canadian Bullmoose Mines (“**CBM**”, and collectively with WCCM and CDD, the “**Wholly Owned Companies**”)
7. In addition to the Wholly Owned Companies, CDI has a partial ownership interest in the following mining companies:
  - (a) Canadian Kailuan Dehua Mines Co., Ltd. (“**CKD**”);
  - (b) Canadian Dehua Lvliang Corp. (“**CDLV**”), who holds a 40% interest in HD Mining International Ltd. (“**HDMI**”); and
  - (c) Vancouver Island Iron Ore Corporation (“**VIIO**”, and collectively with CKD, CDLV and HDMI, the “**Investment Companies**”)
8. In addition to the Wholly Owned Companies and the Investment Companies, CDI has an interest in the mining project Iron Ross.
9. CDI has two employees in British Columbia. CDI’s employees have not been paid since February 2022 due to cash flow concerns. All source deductions to February 2022 are current.

**Cause of Financial Difficulties and Need to Restructure**

10. CDI's main mining assets have not yet gone into production. It is expected that these assets will begin production with the next couple of years and they will require further capitalization to reach production.
11. As a result of longer than expected project development timelines, and a number of unfavourable judgments and arbitration decisions relating to various mining projects and ventures, CDI has a number of significant creditors who are currently seeking to enforce against CDI's assets.
12. Exacerbating the financial circumstances, CDI has almost no cash (\$2,312) and poor liquidity generally.

**Stakeholders**

Investors

1. CDI has 2 shareholders.
2. CDI is indebted for various shareholder loans to CDI's primary shareholder in the amount of \$1,734,093 as at March 31, 2021, and approximately \$250,000 since that date.

Secured Creditors

3. CDI does not have any secured creditors.

Intercompany Indebtedness and Guarantees

4. CDI is owed \$410,693 from related companies.

Unsecured Creditors

5. CDI is aware of over \$106 million in unsecured claims which it expects will be made against it, including, but not limited to the following approximate amounts:

Zhonghe Canada Zhonghe Investment Ltd. ("Zhonghe")	\$ 5,200,000;
China Shougang International Trade & Engineer Corporation ("Shougang International")	\$ 20,800,000;
Feicheng Mining Group Company Limited ("Feikuang")	\$ 63,000,000;

Canadian Dehua Lv Liang International Mines Corp. ("CDLV")	\$ 15,000,000;
HBIS Group International Co., Ltd. ("HBIS")	\$ 2,410,000;
Canada Revenue Agency	\$ 450,000;
<b>Approximate Total</b>	<b>\$106,860,000</b>

6. Two of CDI's unsecured creditors, Zhonghe and Shougang International, have been active in pursuing their claims against CDI and have made this CCAA filing necessary.
7. The relationships between CDI, Shougang International and Zhonghe are complex and involve more than one transaction and project.

CKD JDA

8. On October 18, 2010, Zhonghe, CDI, and Shougang Canada, an affiliate of Shougang International, entered into a Joint Development Agreement (the "**CKD JDA**").
9. Under the CKD JDA, CDI would invest its ownership interest in certain coal mine property in the Northeast of the Province of British Columbia (the "**Gething Coal Project**") and Zhonghe and Shougang Canada would invest capital into a company called Canadian Kailuan Dehua Mines Co., Ltd. ("**CKD**").
10. The shareholding interests in CKD after the CKD JDA was entered would be:
  - (a) Zhonghe at 51% common shares,
  - (b) Shougang Canada 25% common shares; and
  - (c) CDI 24% common shares;
11. In 2012, when CDI made a tax election related to the transfer of the Gething Coal Project assets into CKD, it was agreed between CDI and CKD that CDI would indemnify CKD for tax losses (if any) related to this transfer (the "**Contingent Tax Indemnity**").
12. Ten years passed since the Contingent Tax Indemnity was executed and no tax losses have arisen which would trigger the Contingent Tax Indemnity.
13. In 2016, four years after the Contingent Tax Indemnity was entered, CKD purported to link a security interest over CDI's shares in CKD (not over other assets of CDI) in favour of CKD to secure the Contingent Tax Indemnity. CKD registered a financing statement concerning this purported security interest in the Personal Property Registry (the "**PPR**").

14. The intent of the CKD JDA was development of the Gething Coal Project to the benefit of Shougang, Zhonghe and CDI.
15. As at December 31, 2021:
  - (a) CKD held \$51,868,349.37 of cash in various banks;
  - (b) CKD's total assets were valued at \$127,904,996.07;
  - (c) CKD had liabilities of only \$19,494.13; and
  - (d) The shareholders' equity of CKD was \$127,885,501.94
16. CKD and its substantial cash assets remain in the control of Zhonghe.
17. Despite protest by CDI, Zhonghe has not pursued the Gething Coal Project as agreed under the CKD JDA, and Zhonghe has used capital held by CKD for unrelated business projects which primarily benefit Zhonghe but also Shougang, including, importing motor vehicles into China for resale.

#### Bullmoose JVA

18. On May 25, 2011, a Joint Venture Agreement (the "**Bullmoose JVA**") was entered as between Zhonghe, CDI, HBIS Group International Co., Ltd. (formerly, Hebei Iron & Steel Group Co., Ltd., ("**HBIS**") certain coal mine property in the Province of British Columbia.
19. The key terms of the Bullmoose JVA were that:
  - (a) the three parties would form a joint venture company called Canadian Bullmoose Mines Co., Ltd. ("**Bullmoose**") with the shareholding interest in Bullmoose being Zhonghe at 51/100 (51%), HBIS 25/100 (25%) and CDI 24/100 (24%);
  - (b) Each party would contribute their proportionate share of the total capital contribution in the aggregate amount of US\$10 million, Zhonghe US\$5.1 million, HBIS US\$2.5 million, and CDI US\$2.4 million (the "**Bullmoose Capital Contribution**");
  - (c) Bullmoose would seek to determine the feasibility of certain coal mine property in the Province of British Columbia (the "**Bullmoose Mining Project**");
  - (d) Bullmoose would obtain a geological report for the Bullmoose Mining Project (the "**Geo Report**") and submit it to Zhonghe and HBIS;
  - (e) Zhonghe and HBIS were required to notify CDI, within one month of receipt of the Geo Report for Bullmoose whether each of them would enter into a Cooperative Development Agreement to proceed with the Bullmoose Mining Project, or alternatively seek return from CDI to Zhonghe and HBIS of an amount equal to

their respective Bullmoose Capital Contribution (the "**Bullmoose Development Notification**");

- (f) The performance and amendment of the Bullmoose JVA was governed by the laws of the People's Republic of China; and
  - (g) Any disputes which arose under the Bullmoose JVA, which could not be resolved first by negotiation between the parties, would be solved through arbitration by the China International Economic and Trade Commission in accordance with its arbitration rules.
20. On or about February 2, 2013, in accordance with the terms of the Bullmoose JVA, Zhonghe and HBIS obtained the Bullmoose Geo Report.
21. However, contrary to the terms of the Bullmoose JVA, CDI did not receive the Bullmoose Development Notification from Zhonghe or HBIS within one month of receipt of the Geo Report submission. In fact, Zhonghe and HBIS have never provided the Bullmoose Development Notification to CDI under the Bullmoose JVA at any time.
22. Notwithstanding the failure to issue the Bullmoose Development Notification, Zhonghe and HBIS insisted upon return from CDI to Zhonghe of an amount equal to their respective Bullmoose Capital Contributions and asked for promissory notes from CDI for amounts which CDI did not have the cash on hand to pay.
23. On September 24, 2019, CDI executed a promissory note in favour of Zhonghe (the "**Zhonghe P-Note**") in the amount of US\$3,922,000 "as consideration in exchange for 3922000 Class A Common Voting shares in the capital of Canadian Bullmoose Mines Ltd. sold, assigned and transferred by the Holder [Zhonghe] to the Debtor [CDI]". CDI issued a similar promissory note to HBIS for a smaller amount.
24. However, CDI only agreed to the Zhonghe P-Note and HBIS promissory note on the condition that Zhonghe and HBIS would not actively pursue or enforce a payment (the "**Capital Account Payment Condition**") until CDI had the funds available to make such payment.
25. Zhonghe did not return the Bullmoose shares to CDI in return for Zhonghe P-Note, did not take the matter to arbitration by the China International Economic and Trade Commission in accordance with the Bullmoose JVA and it did not honour the Capital Account Payment Condition.

#### The Zhonghe Litigation

26. On May 10, 2021, despite the Capital Account Payment Condition, Zhonghe commenced proceedings against CDI bearing Vancouver Registry Action No. S-214547 (the "**Zhonghe Action**") to enforce the Zhonghe P-Note without even mentioning the Bullmoose Project or the Bullmoose JVA.

27. CDI did not seek legal advice on the Zhonghe Action and it was not defended by CDI.
28. On August 30, 2021, default judgment was obtained by Zhonghe in the amount of \$4,781,310.20 plus interest in the amount of \$495,946.31 for a total of \$5,277,256.51 together with costs to be assessed and post judgment interest (the "**Zhonghe Judgment**").

#### Zhonghe CKD Share Seizure and Purported Sale

29. On September 10, 2021, Zhonghe was granted a Writ of Seizure and Sale in the Zhonghe Action (the "**Zhonghe Writ**").
30. Zhonghe appointed Accurate Court Bailiff Services Ltd. ("**Accurate**") as bailiff and instructed Accurate to seize and sell CDI's shares in CKD.
31. As a result of a PPR search review Accurate thought the shares held by CDI in CKD might be subject to a security interest in favour of CKD (the "**CKD Potential Security Interest**").
32. On September 17, 2021, Accurate reached out directly to CKD to request:
  - (a) under section 18.2 (b) of the *Personal Property Security Act* a statement in writing of the amount of the indebtedness and of the terms of payment under the CKD Potential Security Interest; and
  - (b) permission to seize and sell the shares which CDI owned in CKD.
33. In response, despite Accurate's specific request, neither Zhonghe nor CKD explained to Accurate:
  - (a) the amount of any indebtedness the CKD Potential Security Interest purported to secure; or
  - (b) that the CKD Potential Security Interest purported to secure a Contingent Tax Indemnity where no tax losses had arisen which would trigger the Contingent Tax Indemnity for over 10 years.
34. Instead, CKD gave Accurate permission to seize CDI's shares in CKD, "provided that CKD's security interest remains registered against the shares"; (the "**CKD Seized Share Sale Consent**").
35. CDI was not informed of the CKD Seized Share Sale Consent which was provided to Accurate despite CDI and Shougang Canada retaining rights to consent to any such sale, rights of first refusal for the shares, and the right to act as directors of CKD and under the CKD JDA.
36. Accurate made no further inquiry about any of these details on the CKD Alleged Security and sought to sell CDI's shares in CKD subject to a security interest generally.



37. Two weeks prior an auction of CDI's CKD shares, Accurate advertised once each in the British Columbia Gazette, the Vancouver Sun and the Vancouver Province (the "**Advertisements**"), but there were no other marketing efforts prior to the auction other than the Advertisements.
38. Accurate made it clear in the Advertisements that the shares being sold were "subject to a registered security interest, as well as articles and bylaws of the company" (the "**Security Interest Disclaimer**").
39. The auction (the "**Auction**") was held at Accurate's offices in Burnaby on November 24, 2021, and three men unknown to Accurate attended with the successful bidder in the end being Witcool Technology Co. Ltd. ("**Witcool**").
40. Accurate does not have any record of the actual bids made by those in attendance (other than the Witcool bid of \$55,000) nor does it know the market value for the shares it sold to Witcool;.
41. Before, during and after the Auction took place, no one asked Accurate any questions whatsoever about the:
  - (a) details of the shares for sale;
  - (b) CKD's bylaws or articles;
  - (c) business of CKD;
  - (d) Security Interest Disclaimer; or
  - (e) Auction itself.
42. The value of CDI's interest in CKD is far more than the Witcool bid of \$55,000.
43. Based upon the CKD December 31, 2020, financial statements and the CKD 2021 Balance Sheet and Income Statements (collectively, the "**CKD Financials**") where CKD's share capital was approximately \$128 million CDI's shares in CKD should be valued in excess of \$30 million (24% of \$128 million).
44. Both CKD and Zhonghe had access to the CKD Financials and were aware that a sale of CDI's shares at \$55,000 to Witcool was well under value.
45. Despite this knowledge and the fact that \$55,000 would not have any real impact on paying down the Zhonghe Judgment of over \$5 million, Zhonghe still brought application in the Zhonghe Action to try and approve this sale of CDI's shares CKD to Witcool at this absurdly low price.
46. When CDI was served with this share sale approval application it sought legal advice to engage with Zhonghe and find out from Accurate what took place leading up to and at the

Auction. CDI has not been given notice of any further attempt to take steps to complete the share sale to Witcool.

#### Shougang Litigation

47. On August 23, 2019, an arbitrator in China awarded a Shougang International a judgment in the amounts of \$15,750,000 USD and 1,334,768 yuan (combined to a Canadian dollar equivalent amount of \$20,826,789.80 as at the date of judgment), as against CDI (the "**Shougang Arbitration Award**").
48. The Shougang Arbitration Award related to the Wapiti coking coal project and return of \$10 million USD cooperation deposit made by Shougang in the project plus interest thereon.
49. On January 20, 2020, Shougang International commenced an action against CDI under Vancouver Registry Action No. S-200699 (the "**Shougang International Action**") in an effort to recognize the Shougang Arbitration Award.
50. As at January 21, 2021, Shougang International has been granted judgment in the amount of \$20.8 million against CDI in the Shougang International Action, in recognition of the Shougang Arbitration Award (the "**Shougang Judgment**").

#### Shougang Bankruptcy Action

51. CDI had been hoping to utilize funds obtained in connection with its Wapiti Project and by selling its interest in the Murray River Project (both defined below) to be able to satisfy the Shougang Judgment. However, CDI was not able to do this prior to April 6, 2022.
52. On April 6, 2022, Shougang International commenced proceedings pursuant to the *Bankruptcy and Insolvency Act*, with a style of cause as "In The Matter of the Bankruptcy of Canadian Dehua International Mines Group Inc." and bearing Vancouver Court File No. B-220142, Estate No. 11-254383 (the "**Bankruptcy Action**") wherein D. Manning and Associates Inc. (the "**Potential Trustee**") has consented to act as trustee in bankruptcy of CDI.
53. Both the Murray River Project and Wapiti Project have significant potential for return to CDI and its creditors.

#### The Murray River Project

54. The Murray River project involves the construction, operation and decommissioning of an underground coal mine and supporting infrastructure near Tumbler Ridge British Columbia (the "**Murray River Project**"). The Murray River Project would produce six million tonnes of metallurgical coal per year for an estimated life of 25 years.

55. CDI (indirectly holding 20.4%) and the Huiyong Holding Group (55%) are selling their interests in the Murray River Coal Property.
56. The buyer of these interests in the Murray River Project has been conducting its due diligence. The due diligence period is longer than usual because of delays caused by COVID-19, however if this deal closes, CDI would obtain cash sufficient to pay out Zhonghe and Shougang International. If this buyer does not complete, CDI will seek another buyer for its interest in the Murray River Project.

#### The Wapiti River Project

57. The Wapiti River coal project is a large-scale underground mine at the senior exploration stage which is also located near Tumbler Ridge, British Columbia (the “**Wapiti Project**”).
58. Parties are interested in making a significant investment in the Wapiti Project at this time. One investor has substantially completed its detailed technical review, including review of the exploration records, geology reports and a feasibility study. It also met with the author of the feasibility study to discuss the Wapiti project. If this transaction is completed, CDI will be provided with a substantial amount of cash that will be sufficient to pay off all of the debt claimed by Shougang International and Zhonghe.

#### The Bankruptcy Action Potential Impact on CDI's Assets

59. The Bankruptcy Action and any bankruptcy order granted therein will undoubtedly hinder maximum value being obtained in connection with CDI's assets, including the Wapiti and Murray River Projects.
60. CDI is concerned that even the commencement of this CCAA proceeding may have a negative impact upon recovery in these two key projects. However, with CDI in control of its own assets CDI expects the chance of recovery is substantially better than if this was done by the Potential Trustee who does not understand CDI's business nor would they have the same business network.
61. Some of CDI's other assets also have significant value, but selling these assets through a bankruptcy will not result in fair market value. This is particularly so in the case of CDI's shares in CKD because:
  - (a) CKD is closely held by Zhonghe and Shougang Canada, who are both state owned enterprises, and no independent arms length purchaser could easily step into CDI's place and purchase these shares from the Proposed Trustee; and
  - (b) the CKD Potential Security Interest creates further uncertainty and will devalue the CDI shares in CKD unnecessarily unless there is some determination made of the validity of this security and the debt (if any) linked to the Contingent Tax Indemnity.

62. The Bankruptcy Action will also result in levy payable to the government under the BIA in any liquidation of assets.
63. CDI seeks the orders set out above pursuant to the CCAA to not only continue the development of the mining projects through this period, but also attract investment through a Sales and Investment Solicitation Process (“SISP”) to pay out CDI’s creditors. The appointment of a Trustee in the Bankruptcy Action will make such operations and investment impossible.

**Anticipated Restructuring**

64. Should the Initial Order be granted, CDI intends to address its insolvency through a number of steps including:
  - (a) running a claims process whereby creditors’ claims can be properly valued with legal oversight and the validity (if any) of the CKD Potential Security Interest could be ascertained;
  - (b) commencing the SISP, to be overseen by the proposed Monitor, that would seek to monetize core and non-core assets,
  - (c) finalizing interim financing arrangements in order to obtain much-needed short term liquidity,
  - (d) streamlining and focusing the go-forward operations of CDI, and
  - (e) pursuing discussions with potential financiers in order to secure long-term funding for the projects that may form the basis of CDI’s go-forward business (subject to the SISP),

all under the supervision of the Court and with the assistance of the proposed Monitor.

65. The Petitioner is in the midst of a liquidity and debt crisis. CDI is insolvent on a cash flow basis and is unable to meet its obligations as they generally come due.
66. The Petitioner requires a stay of proceedings to maintain the status quo and protect and preserve the value of their business for their benefit and the benefit of their creditors and stakeholders while they restructure their affairs and pursue a value maximizing sales and investment process.

**Appointment of Monitor**

67. FTI has consented to act as Monitor in these proceedings.

**Administration Charge**

68. It is contemplated that the proposed Monitor, counsel for the proposed Monitor and counsel to the Petitioner would be granted a first priority Court-ordered charge on the assets, property and undertaking of the Petitioners, in priority to all claims, up to the maximum amount of \$500,000 in respect of their respective fees and disbursements, incurred at standard rates and charges (the "**Administration Charge**").
69. The Petitioner believes the Administration Charge is reasonable and necessary to ensure these professionals' continued assistance in the restructuring of CDI.

**Directors' and Officers' Charge**

70. It is contemplated that a charge in the maximum amount of \$200,000 be granted (the "**Directors' Charge**"), subordinate to the Administration Charge, to indemnify the current directors and officers of the Petitioner against obligations and liabilities that they may incur as directors or officers after the commencement of the proposed CCAA proceedings, except to the extent that the obligation or liability is incurred as a result of the director's or officer's gross negligence or willful misconduct.
71. The Directors and Officers do not have coverage under any directors' and officers' insurance policy.

**Priority Ranking of Charges**

72. The Petitioner proposes that the charges it seeks be secured against its assets, properties and undertaking ranking in priority as follows:
- (a) firstly, the Administration Charge; and
  - (b) secondly, the D&O Charge;
- (collectively, the "**Charges**").

**Interim Lending Facility**

73. The Cash-Flow Statement contemplates that the Petitioner will require interim financing of \$350,000 in order to facilitate an efficient and orderly restructuring. The Petitioner is working with the proposed Monitor, FTI to finalized debtor-in-possession financing (the "**DIP Facility**").
74. It is expected that the terms of the DIP Facility will require that any funds advanced be secured by a second-ranking charge (subordinate only to the proposed Administration Charge) secured against the property of the Petitioners in accordance with the terms of the Initial Order (the "**DIP Facility Charge**").

75. The DIP Facility and the DIP Facility Charge are necessary to facilitate the restructuring activities of the Petitioner in these CCAA proceedings, as access to the funds proposed to be advanced under the contemplated DIP Facility would enhance the prospect of a viable compromise or arrangement being made in respect of the Petitioner.
76. The Petitioner is working diligently with FTI with respect to securing a DIP facility.

**Conclusion**

77. The Petitioner is currently unable to meet its obligations as they come due, including amounts owing to a number of creditors. The Petitioner is seeking a stay of proceedings under the CCAA in order to maintain the status quo and provide the Petitioner with much needed breathing room to explore restructuring opportunities with the assistance of the Monitor.
78. The Petitioner believes that this CCAA proceeding is the best means of maximizing the recovery to the Petitioner's creditors and stakeholders.

**Part 3: LEGAL BASIS**

1. *Companies' Creditors Arrangement Act*, R.S.C. 1985, as amended;
2. *Supreme Court Civil Rules*, B.C. Reg. 241/2010, as amended; and
3. The inherent and equitable jurisdiction of this Honourable Court.

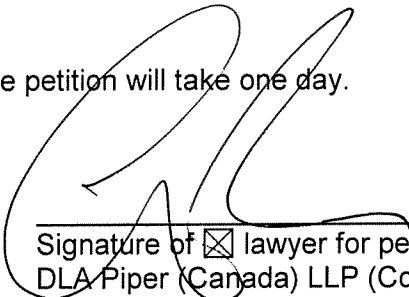
**Part 4: MATERIAL TO BE RELIED ON**

1. Affidavit #1 of Naishun Liu made on May 31, 2022; and
2. Such further and other materials as counsel may advise and this Honourable Court may allow;

The petitioner estimates that the hearing of the petition will take one day.

May 31, 2022

Dated

  
Signature of  lawyer for petitioner  
DLA Piper (Canada) LLP (Colin D. Brousson)

**To be completed by the court only:**

Order made

in the terms requested in paragraphs \_\_\_\_\_ of Part 1 of this petition

with the following variations and additional terms:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Signature of  Judge  Master

**SCHEDULE "A"**

No.  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,

R.S.C. 1985, C. C-36, AS AMENDED

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IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF CANADIAN  
DEHUA INTERNATIONAL MINES GROUP INC.

PETITIONERS

**ORDER MADE AFTER APPLICATION**

	)		)
	)	THE HONOURABLE JUSTICE	)
BEFORE	)		)
	)		)
	)		)
	)		)

, 2022

ON THE APPLICATION of Petitioner coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on June 3, 2022 and on hearing Colin D. Brousson, counsel for the Petitioner and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the First Affidavit of Naishun Liu sworn on May 31, 2022 and the consent of FTI Consulting Canada Inc. to act as Monitor; AND UPON BEING ADVISED that the creditors and others who are likely to be affected by the charges created herein were given notice; AND pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36 as amended (the "CCAA"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS that:

**JURISDICTION**

1. The Petitioner is a company to which the CCAA applies.



## **SUBSEQUENT HEARING DATE**

2. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph 14 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at \_\_\_\_\_ .m. on \_\_\_\_\_, the \_\_\_\_\_ day of June, 2022 or such other date as this Court may order.

## **PLAN OF ARRANGEMENT**

3. The Petitioner shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

## **POSSESSION OF PROPERTY AND OPERATIONS**

4. Subject to this Order and any further Order of this Court, the Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioner shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.
5. The Petitioner shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:
  - (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**");  
and

- (b) the fees and disbursements of any Assistants retained or employed by the Petitioner which are related to the Petitioner's restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioner, whenever and wherever incurred, in respect of:
  - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioner or any subsidiaries or affiliated companies of the Petitioner are domiciled;
  - (ii) any litigation in which the Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and
  - (iii) any related corporate matters.
  
- 6. Except as otherwise provided herein, the Petitioner shall be entitled to pay all expenses reasonably incurred by the Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
  - (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$50,000 shall be approved by the Monitor;
    - (i) all obligations incurred by the Petitioner after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioner following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and
    - (ii) fees and disbursements of the kind referred to in paragraph 5(b) which may be incurred after the Order Date.
  
- 7. The Petitioner is authorized to remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;
  - (b) all goods and services or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Petitioner in connection with the sale of goods and services by the Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
  - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.
8. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioner shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioner and the landlord from time to time (“**Rent**”), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.
9. Except as specifically permitted herein, the Petitioner is hereby directed, until further Order of this Court:

- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioner to any of its creditors as of the Order Date except as authorized by this Order;
- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioner to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

## **RESTRUCTURING**

10. Subject to such requirements as are imposed by the CCAA, the Petitioner shall have the right to:
- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$200,000 in the aggregate;
  - (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
  - (c) pursue all avenues of refinancing for its Business or Property, in whole or part;
- all of the foregoing to permit the Petitioner to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. The Petitioner shall provide each of the relevant landlords with notice of the Petitioner's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioner's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioner, or by further Order of this Court upon application by the Petitioner, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioner disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioner's claim to the fixtures in dispute.
12. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioner and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioner, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioner of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.
13. Pursuant to Section 7(3)(c) of the Personal Information Protection and Electronics Documents Act, S.C. 2000, c. 5 and Section 18(1)(o) of the Personal Information Protection Act, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioner, in the course of these proceedings, is permitted to, and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors,

prospective investors, financiers, buyers or strategic partners (collectively, “**Third Parties**”), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioner binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioner or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioner.

#### **STAY OF PROCEEDINGS, RIGHTS AND REMEDIES**

14. Until and including \_\_\_\_\_ June, 2022, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioner and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.
15. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioner and the Monitor or leave of this Court.

16. Nothing in this Order, including paragraphs 14 and 15, shall: (i) empower the Petitioner to carry on any business which the Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioner.

#### **NO INTERFERENCE WITH RIGHTS**

17. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner, except with the written consent of the Petitioner and the Monitor or leave of this Court.

#### **CONTINUATION OF SERVICES**

18. During the Stay Period, all Persons having oral or written agreements with the Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioner, and that the Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioner in accordance with normal payment practices of the Petitioner or such other practices as may be agreed upon by the supplier or service provider and the Petitioner and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

19. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

20. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioner whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioner, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioner or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

#### **DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE**

21. The Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioner after the commencement of the within proceedings , except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
22. The directors and officers of the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$200,000, as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 33 and 35 herein.



23. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Petitioner's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

#### **APPOINTMENT OF MONITOR**

24. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioner with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioner and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioner pursuant to this Order, and shall cooperate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
25. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Petitioner's receipts and disbursements;
  - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
  - (c) advise the Petitioner in its development of the Plan and any amendments to the Plan;
  - (d) assist the Petitioner, to the extent required by the Petitioner, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
  - (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioner, to the extent that is necessary to adequately assess the

Petitioner's business and financial affairs or to perform its duties arising under this Order;

- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
  - (g) perform such other duties as are required by this Order or by this Court from time to time.
26. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.
27. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**") , provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

28. The Monitor shall provide any creditor of the Petitioner with information provided by the Petitioner in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioner is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioner may agree.
29. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

#### **ADMINISTRATION CHARGE**

30. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioner shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioner as part of the cost of these proceedings. The Petitioner is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioner on a periodic basis and, in addition, the Petitioner is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Petitioner, retainers in the amount[s] of \$50,000 respectively to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.
31. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.
32. The Monitor, counsel to the Monitor, if any, and counsel to the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security

for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioner's restructuring. The Administration Charge shall have the priority set out in paragraphs 33 and 35 hereof.

### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

33. The priorities of the Administration Charge and the Directors' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000); and

Second – Directors' Charge (to the maximum amount of \$200,000).

34. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.
35. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.
36. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioner shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioner obtains the prior written consent of the Monitor, the beneficiaries of the Administration Charge and the Director's Charge.
37. The Administration Charge and the Director's Charge shall not be rendered invalid or unenforceable.

38. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioner's interest in such real property leases.

### **SERVICE AND NOTICE**

39. The Monitor shall (i) without delay, publish in the National Edition of the Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioner of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.
40. The Petitioner and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioner's creditors or other interested parties at their respective addresses as last shown on the records of the Petitioner and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.
41. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: \_\_\_\_\_
42. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: \_\_\_\_\_

43. Notwithstanding paragraphs 40 and 41 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

#### **GENERAL**

44. The Petitioner or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.
45. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioner, the Business or the Property.
46. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioner and the Monitor and their respective agents in carrying out the terms of this Order.
47. Each of the Petitioner and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

48. The Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioner determines that such a filing is appropriate.
49. The Petitioner is hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.
50. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.
51. Any interested party (including the Petitioner and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
52. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.
53. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

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Signature of  lawyer for the Petitioner  
DLA Piper (Canada) LLP (Colin D. Brousson)

BY THE COURT

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REGISTRAR



**SCHEDULE "A"**

NAME OF COUNSEL	PARTY REPRESENTING

No.  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT,

R.S.C. 1985, C. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND  
ARRANGEMENT OF CANADIAN DEHUA  
INTERNATIONAL MINES GROUP INC.

PETITIONERS

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**ORDER MADE AFTER APPLICATION**

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DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444  
Fax No. 604.687.1612

File No.: Client-Matter#

CDB/day



) E

) \_\_\_\_\_, 2022

ON THE APPLICATION of ~~the~~ Petitioner coming on for hearing<sup>2</sup> at 800 Smithe Street, Vancouver, British Columbia, on the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_\_ (the "Order Date");  
~~AND ON HEARING \_\_\_\_\_ BC V6Z 2E1 on June 3, 2022 and on hearing Colin D. Brousson,~~ counsel for the Petitioner and those other counsel listed on Schedule "A" hereto;  
AND UPON READING the material filed, including the First Affidavit of ~~\_\_\_\_\_ Naishun Liu~~ sworn ~~\_\_\_\_\_~~, 201\_\_\_\_\_ on May 31, 2022 and the consent of ~~\_\_\_\_\_ FTI Consulting Canada Inc.~~ to act as Monitor; AND UPON BEING ADVISED that the ~~secured~~ creditors ~~[and others]~~ who are likely to be affected by the charges created herein were given notice<sup>3</sup>; AND pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS ~~AND DECLARES THAT~~ that:

#### JURISDICTION

1. The Petitioner is a company to which the CCAA applies.

#### SUBSEQUENT HEARING DATE

2. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph ~~[15]~~14 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at \_\_\_\_\_ .m. on \_\_\_\_\_, the \_\_\_\_\_ day of \_\_\_\_\_, ~~201\_\_\_\_\_~~ June, 2022 or such other date as this Court may order.

#### PLAN OF ARRANGEMENT

<sup>2</sup> ~~Section 11(1) of the CCAA provides for notice of an application to be given. CCAA orders may, and in some cases must, be sought on notice to affected parties, if this is possible. Applications may be made without notice "as [the court] may see fit", although recent British Columbia cases have commented on the appropriateness of bringing such applications without notice: *Re Encore Developments Ltd.* 2008 BCSC 13 and *Re Marine Drive Properties Ltd.* 2009 BCSC 145. If service has been abridged, the Order should reflect that.~~

<sup>3</sup> ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2)~~

3. The Petitioner shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

### POSSESSION OF PROPERTY AND OPERATIONS

4. Subject to this Order and any further Order of this Court, the Petitioner shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioner shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

~~[Cash Management System<sup>4</sup>]~~

~~<sup>4</sup>This provision but should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash. If to be included, the model wording for the provision is as follows: "THIS COURT ORDERS that the Petitioner shall be entitled to continue to utilize the central cash management system currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioner of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioner, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System."~~

5. The Petitioner shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:<sup>5</sup>
- (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively “Wages”);<sup>6</sup> and
  - (b) the fees and disbursements of any Assistants retained or employed by the Petitioner which are related to the Petitioner’s restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioner, whenever and wherever incurred, in respect of:
    - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioner or any subsidiaries or affiliated companies of the Petitioner are domiciled;
    - (ii) any litigation in which the Petitioner is named as a party or is otherwise involved, whether commenced before or after the Order Date; and
    - (iii) any related corporate matters.

<sup>5</sup>~~Paragraphs 5 and 6 were separated to make it clear that only very limited payments may be made on account of pre-filing accruals and expenses. The Petitioner may consider seeking authority to make other payments during the stay, such as an amendment to paragraph 5 allowing certain payments to creditors, including critical suppliers, on the following terms:~~

~~“..... with the written consent of the Monitor:~~

~~(i) pay the entire amount of its obligations to any creditor if the amount of such obligations, as agreed between the Petitioner and the creditor, is \$ \_\_\_\_\_ or less as at the Order Date;~~

~~(ii) pay \$ \_\_\_\_\_ to any other creditor to which the outstanding obligations of the Petitioner are greater than \$ \_\_\_\_\_ as at the Order Date, provided such creditor agrees to accept that amount in full satisfaction of all obligations of the Petitioner to such creditor as at the Order Date;~~

~~(iii) pay amounts owing to creditors who hold possessory or statutory liens against any asset of the Petitioner where the value of such asset exceeds the amount of the possessory or statutory liens or where the asset is deemed critical by the Petitioner and the Monitor to the business operations of the Petitioner; and~~

~~(iv) amounts outstanding to creditors for goods and services provided prior to the Order Date where expressly authorized by this Order or any further Order of this Court.”~~

<sup>6</sup>~~The Petitioner may wish to specifically apply to pay severance pay outstanding as at the Order Date.~~

6. Except as otherwise provided herein, the Petitioner shall be entitled to pay all expenses reasonably incurred by the Petitioner in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures<sup>7</sup> reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$ ~~\_\_\_\_\_~~ 50,000 shall be approved by the Monitor;
- (i) ~~(b)~~ all obligations incurred by the Petitioner after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioner following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioner's obligations incurred prior to the Order Date); and
- (ii) ~~(c)~~ fees and disbursements of the kind referred to in paragraph ~~{5(b)}~~ which may be incurred after the Order Date.
7. The Petitioner is authorized to remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;<sup>8</sup>

<sup>7</sup> The Petitioner may wish to consider a limit on this prohibition to allow for flexibility: "... provided that any capital expenditure exceeding \$ \_\_\_\_\_ shall be approved by the Monitor."

<sup>8</sup> The definition of Wages in paragraph 5(a) is intended to allow payment of these amounts even if owed prior to the Order Date in recognition of the fact that Wages are paid at the end of a stub period and that continued employment is critical to the ongoing operations of the Petitioner. The extension of the ability of the Petitioner to make payments in addition to just Wages in this paragraph is intended to: (a) protect directors and officers from statutory claims; and (b) recognize that Section 6(3) of the CCAA provides for the payment of some of these amounts in a restructuring in any event. It is anticipated that the magnitude of such obligations will be brought to the attention of the Court if significant.

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioner in connection with the sale of goods and services by the Petitioner, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
  - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.
8. Until such time as a real property lease is disclaimed<sup>9</sup> in accordance with the CCAA, the Petitioner shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioner and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.
9. Except as specifically permitted herein, the Petitioner is hereby directed, until further Order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioner to any of its creditors as of the Order Date except as authorized by this Order;
  - (b) to make no payments in respect of any financing leases which create security interests;

<sup>9</sup> ~~The term "resiliate" should be used if there are leased premises in the Province of Quebec—see also paras. 12 and 13.~~



- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;<sup>40</sup>
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioner to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

## **FINANCIAL ARRANGEMENTS**

~~10. Notwithstanding any other provision in this Order:~~

- ~~(a) the Petitioner is hereby authorized and empowered to borrow, repay and reborrow from [REDACTED] (the "Lender") such amounts from time to time as the Petitioner considers necessary, and the Lender shall be entitled to revolve its operating loan facility (the "Lender Loan Facility") and collect interest, fees and costs on the Lender Loan Facility, subject to such amendments as are agreed between the Lender and the Petitioner;~~
- ~~(b) the Lender Loan Facility shall be secured by the same charge (the "Lender Charge") as secured the Lender Loan Facility as at the Order Date; and~~
- ~~(c) the Petitioner is authorized to deal with the Lender in respect of the Lender Loan Facility on such terms as may be negotiated and agreed upon between the Petitioner and the Lender.~~

## **RESTRUCTURING**

<sup>40</sup>~~Counsel may wish to consider adding a provision allowing the granting of PMSI security after the Order Date.~~

10. ~~11.~~ Subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, the Petitioner shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down all or any part of its Business or operations and commence marketing efforts in respect of any of its redundant or non-material assets ~~and to dispose of redundant or non-material assets not exceeding \$~~~~\_\_\_\_\_~~ 50,000 in any one transaction or ~~\$~~~~\_\_\_\_\_~~ 200,000 in the aggregate;<sup>11</sup>
- (b) ~~terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;~~<sup>12</sup> and
- (c) pursue all avenues of refinancing for its Business or Property, in whole or part;

all of the foregoing to permit the Petitioner to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. ~~12.~~ The Petitioner shall provide each of the relevant landlords with notice of the Petitioner's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioner's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioner, or by further Order of this Court upon application by the Petitioner, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioner disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning

<sup>11</sup> Section 36 of the CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)), but rather requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or been made available at the initial CCAA hearing.

<sup>12</sup> It is not clear to the BCMIOC whether the termination of an employee is a "disclaimer or resiliation" of the employment agreement within the meaning of Section 32 of the CCAA. Since the termination of an employee may not be a matter governed by Section 32 of the CCAA (except to the extent that collective agreements are exempted from the application of that Section), the BCMIOC has left this provision in the Model Order.

such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioner's claim to the fixtures in dispute.

12. ~~13.~~ If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioner and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioner, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioner of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

13. ~~14.~~ Pursuant to Section 7(3)(c) of the Personal Information Protection and Electronics Documents Act, S.C. 2000, c. 5 and Section 18(1)(o) of the Personal Information Protection Act, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioner, in the course of these proceedings, is permitted to, and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioner binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein,

the Third Parties shall return the personal information to the Petitioner or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioner.<sup>13</sup>

#### STAY OF PROCEEDINGS, RIGHTS AND REMEDIES <sup>14 15</sup>

14. ~~15.~~ Until and including \_\_\_\_\_ ~~[MAX. 30 DAYS FROM ORDER DATE]~~ June, 2022, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioner and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

15. ~~16.~~ During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Petitioner or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioner and the Monitor or leave of this Court.

<sup>13</sup> ~~Counsel should consider whether the inclusion of this paragraph concerning exemption from privacy legislation should be included as part of the Initial Order. The paragraph is intended to enable the Petitioner to disclose personal information in the course of its dealings with potential lenders, investors or purchasers. Section 18(1)(e) of the British Columbia Personal Information Protection Act allows the release of such information only when “required or authorized by law”. Accordingly, it may be appropriate to wait until such a transaction is contemplated before seeking to include this term in an order, and counsel may wish to consider whether it is necessary to adduce evidence showing the court that disclosure is necessary.~~

<sup>14</sup> ~~In keeping with the underlying philosophy of the Model Order, these provisions include a succinct stay provision which is intended to encapsulate the very broad stay provisions authorized in Section 11 of the CCAA. These provisions are specifically subject to specific limitations, including to permit a regulatory body to continue its investigations of the Petitioner or to permit a lien or security holder to make filings and commence Proceedings necessary to preserve their lien or security. If a case can be made out that such a Proceeding would have the effect of prejudicing the Petitioner’s ability to restructure, then, on application based on the applicable facts, the Model Order can be amended to stay such Proceedings.~~

<sup>15</sup> ~~In addition, counsel should consider clauses dealing with Section 81.1 and 81.2 of the BIA, as may be appropriate.~~

16. ~~17.~~ Nothing in this Order, including paragraphs ~~[15]~~14 and ~~[16]~~15, shall: (i) empower the Petitioner to carry on any business which the Petitioner is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioner.

#### **NO INTERFERENCE WITH RIGHTS**

17. ~~18.~~ During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner, except with the written consent of the Petitioner and the Monitor or leave of this Court.<sup>16</sup>

#### **CONTINUATION OF SERVICES**

18. ~~19.~~ During the Stay Period, all Persons having oral or written agreements with the Petitioner or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioner, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioner, and that the Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioner in accordance with normal payment practices of the Petitioner or such other practices as may be agreed upon by

<sup>16</sup> ~~The Petitioner may wish to consider whether an application should be made relating to the ongoing entitlement/benefit of any applicable volume rebates or discounts based upon volumes supplied during the period prior to the Order Date.~~

the supplier or service provider and the Petitioner and the Monitor, or as may be ordered by this Court.<sup>17</sup>

## NON-DEROGATION OF RIGHTS

19. ~~20.~~ Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioner on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>18</sup>

## PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. ~~21.~~ During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioner with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioner whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioner, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioner or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioner that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in

<sup>17</sup> Counsel may wish to consider whether to seek an order deeming one or more suppliers "critical suppliers" in accordance with Section 11.4 of the CCAA. Notice of an application to deem a supplier a critical supplier must be given to the proposed critical supplier and any secured creditors likely to be affected by the security or charge granted in favour of the proposed critical supplier. Suggested wording for the additional paragraph is as follows: "THIS COURT ORDERS that [Name of supplier] is hereby deemed a critical supplier (the "Critical Supplier") in accordance with section 11.4 of the CCAA and shall, from the Order Date, continue to supply goods and services to the Petitioner on such terms and conditions as are consistent with the supply relationship between the Critical Supplier and the Petitioner. The Critical Supplier is hereby granted a charge (the "Critical Suppliers Charge") on the Property, which charge shall not exceed an aggregate amount of \$ \_\_\_\_\_, as security for any amounts for which the Petitioner becomes indebted to the Critical Supplier for the supply of goods or services after the Order Date. The Critical Suppliers Charge shall have the priority set out in paragraphs 40 and 42 herein."

<sup>18</sup> This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).[]

respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

## **DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE**<sup>19</sup>

21. ~~22.~~ The Petitioner shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioner after the commencement of the within proceedings<sup>20</sup>, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

22. ~~23.~~ The directors and officers of the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**")<sup>21</sup> on the Property, which charge shall not exceed an aggregate amount of \$ ~~\_\_\_\_\_~~ 200,000, as security for the indemnity provided in paragraph ~~[22]~~21 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~[40]~~33 and ~~[42]~~35 herein.

23. ~~24.~~ Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Petitioner's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~[22]~~21 of this Order.

## **APPOINTMENT OF MONITOR**

24. ~~25.~~ ~~\_\_\_\_\_~~ FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioner with the powers and obligations set out in the CCAA or set forth

<sup>19</sup> ~~Counsel should be aware that the provisions relating to Directors/Officers/Employees Indemnification and Charge may not be appropriate in all circumstances.~~

<sup>20</sup> ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge) and the scope of the indemnity are discretionary matters that should be addressed with the Court.~~

<sup>21</sup> ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Petitioner could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

herein, and that the Petitioner and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioner pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

25. ~~26.~~ The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Petitioner's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- ~~(c) assist the Petitioner, to the extent required by the Petitioner, in its dissemination, to the Interim Lender (as hereinafter defined)<sup>22</sup> and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Petitioner and the Interim Lender which may be used in these proceedings including reporting on a basis to be agreed with the Interim Lender;~~
- ~~(d) advise the Petitioner in its preparation of the Petitioner's cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the Interim Lender;~~
- (c) ~~(e)~~ advise the Petitioner in its development of the Plan and any amendments to the Plan;
- (d) ~~(f)~~ assist the Petitioner, to the extent required by the Petitioner, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

<sup>22</sup> ~~This Model Order assumes that there is an Interim Lender.~~



- (e) ~~(e)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioner, to the extent that is necessary to adequately assess the Petitioner's business and financial affairs or to perform its duties arising under this Order;
- (f) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.
26. ~~27.~~ The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.
27. ~~28.~~ Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**")<sup>23</sup>, provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure

<sup>23</sup> ~~Counsel should consider whether the Petitioner has property in any other Provinces and, if so, consider whether it is appropriate to include a reference to the relevant environmental legislation of those Provinces.~~

imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

28. ~~29.~~ The Monitor shall provide any creditor of the Petitioner ~~and the Interim Lender~~ with information provided by the Petitioner in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioner is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioner may agree.

29. ~~30.~~ In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation. <sup>24</sup>

#### **ADMINISTRATION CHARGE**

30. ~~31.~~ The Monitor, counsel to the Monitor, if any, and counsel to the Petitioner shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioner as part of the cost of these proceedings. The Petitioner is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioner on a periodic basis and, in addition, the Petitioner is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Petitioner, retainers in the amount[s] of \$ ~~\_\_\_\_\_~~ 50,000 respectively to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

<sup>24</sup> ~~Counsel should be aware that the provision exempting the Monitor in situations except for gross negligence may not be appropriate in all circumstances.~~

31. ~~32.~~ The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

32. ~~33.~~ The Monitor, counsel to the Monitor, if any, and counsel to the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$ ~~\_\_\_\_\_~~ 500,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Petitioner's restructuring. The Administration Charge shall have the priority set out in ~~paragraphs [40] and [42] hereof.~~

<sup>25</sup>

#### ~~INTERIM FINANCING~~

~~34.— The Petitioner is hereby authorized and empowered to obtain and borrow under a credit facility from [INTERIM LENDER'S NAME] (the "**Interim Lender**") in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$ \_\_\_\_\_ unless permitted by further Order of this Court.~~

~~35.— Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Petitioner and the Interim Lender dated as of [DATE] (the "**Commitment Letter**"), filed.~~

~~36.— The Petitioner is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the~~

<sup>25</sup> Counsel should be aware that the provision allowing for an Administration Charge in favour of the Petitioner's counsel may not be appropriate in all circumstances.

~~Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Petitioner is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~37. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs ~~[40]~~33 and ~~[42]~~35 hereof.~~

~~38. Notwithstanding any other provision of this Order:~~

~~(a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;~~

~~(b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon        days notice to the Petitioner and the Monitor, may exercise any and all of its rights and remedies against the Petitioner or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Petitioner and set off and/or consolidate any amounts owing by the Interim Lender to the Petitioner against the obligations of the Petitioner to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Petitioner and for the appointment of a trustee in bankruptcy of the Petitioner; and—~~

~~(c) — the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioner or the Property.~~

~~39. — The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioner under the CCAA, or any proposal filed by the Petitioner under the Bankruptcy and Insolvency Act of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

### VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

33. ~~40.~~ The priorities of the Administration Charge, and the Directors' ~~Charge and the Interim Lender's~~ Charge, as among them, shall be as follows:

First — Administration Charge (to the maximum amount of \$ ~~500,000~~); and

Second — ~~Interim Lender's~~ Charge;

~~Third~~ — Directors' Charge (to the maximum amount of \$ ~~200,000~~). <sup>26</sup>

34. ~~41.~~ Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, ~~the Interim Lender's Charge~~ and the Directors' Charge (collectively, the "Charges") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable<sup>27</sup> for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

<sup>26</sup> — The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.

<sup>27</sup> — The term "opposable" should be included if there is Property in the Province of Quebec.

35. ~~42.~~ Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.<sup>28</sup>

36. ~~43.~~ Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioner shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioner obtains the prior written consent of the Monitor, the ~~Interim Lender and the~~ beneficiaries of the Administration Charge and the Director’s Charge.

~~44. — The Administration Charge, the Director’s Charge, the Commitment Letter, the Definitive Documents and the Interim Lender’s Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “Chargees”) and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an “Agreement”) which binds the Petitioner; and notwithstanding any provision to the contrary in any Agreement:~~

<sup>28</sup> This Model Order is not intended to be determinative of whether the Court has the jurisdiction to grant the Administration Charge, the Interim Lender’s Charge and the Director’s Charge priority over the deemed trusts identified in subsection 37(2) of the CCAA. If the Petitioner seeks an order granting priority for such charges over any such deemed trusts, notice of the application should be given to the Federal and Provincial Crowns, as appropriate. If the Petitioner does not seek an order subordinating any such deemed trust to such charges, the following should be added to the end of paragraph 42: “with the exception of any deemed trust amounts provided for in subsection 37(2) of the CCAA.”

- ~~(a) — neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Petitioner of any Agreement to which it is a party;~~
- ~~(b) — none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Petitioner entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and~~
- ~~(c) — the payments made by the Petitioner pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.~~

37. The Administration Charge and the Director's Charge shall not be rendered invalid or unenforceable.

38. 45. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioner's interest in such real property leases.

## SERVICE AND NOTICE

39. 46. The Monitor shall (i) without delay, publish in ~~[newspapers specified by the National Edition of the Court]~~ Globe and Mail a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioner of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed

manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

40. ~~47.~~ The Petitioner and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioner's creditors or other interested parties at their respective addresses as last shown on the records of the Petitioner and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.<sup>29</sup>

41. ~~48.~~ Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: ~~[INSERT WEBSITE ADDRESS]~~.

42. ~~49.~~ Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: ~~[INSERT WEBSITE ADDRESS]~~.

43. ~~50.~~ Notwithstanding paragraphs ~~[47]~~40 and ~~[49]~~41 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns<sup>30</sup> in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto,

<sup>29</sup> In all instances, counsel should address the manner of service with the Court, including advising as to how service was or is proposed to be effected.

<sup>30</sup> Counsel should consider whether the Petitioner has property in any other Provinces and, if so, consider whether it is appropriate to include a reference to those Provinces and the relevant legislation of those Provinces with respect to service.



in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown. <sup>34</sup>

## GENERAL

44. ~~51.~~ The Petitioner or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.
45. ~~52.~~ Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Petitioner, the Business or the Property.
46. ~~53.~~ THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioner and the Monitor and their respective agents in carrying out the terms of this Order.
47. ~~54.~~ Each of the Petitioner and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in

<sup>34</sup> ~~The Crown Proceeding Act, R.S.B.C. 1996, c. 89, s. 8 provides for service on the British Columbia Crown, as follows:[]~~

~~8. A document to be served on the government[]~~

~~(a) must be served on the Attorney General at the Ministry of the Attorney General in the City of Victoria, and[]~~

~~(b) is sufficiently served if[]~~

~~(i) left there during office hours with a solicitor on the staff of the Attorney General at Victoria, or[]~~

~~(ii) mailed by registered mail to the Deputy Attorney General at Victoria.[]~~

~~A similar provision relating to the Federal Crown is found at s. 23(2) of the *Crown Liability and Proceeding Act*, R.S. 1985, c. C-50, which provides for service on the Deputy Attorney General of Canada or the chief executive officer of the agency in whose name the proceedings are taken, as the case may be. The Federal Crown requests that service of documents be by delivery to Department of Justice, 900-840 Howe Street, Vancouver, B.C. V6Z 2S9.~~

respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioner to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

48. ~~55.~~ The Petitioner may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioner determines that such a filing is appropriate.

49. ~~56.~~ The Petitioner is hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

50. ~~57.~~ Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

51. ~~58.~~ Any interested party (including the Petitioner and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

52. ~~59.~~ Endorsement of this Order by counsel appearing on this application is hereby dispensed with. <sup>32</sup>

53. ~~60.~~ This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date. <sup>33</sup>

<sup>32</sup> ~~Counsel should be aware that the final form of the Order may be modified before entry at the discretion of the Chambers Judge.~~

<sup>33</sup> ~~For a provision of this or any subsequent order in these proceedings to make any provincial law inapplicable or inoperative, notice must be given under s. 8 of the *Constitutional Question Act* R.S.B.C. 1996, c. 68. If notice is not given, the provision could later be challenged and set aside.~~

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for the Petitioner  
DLA Piper (Canada) LLP (Colin D. Brousson)

BY THE COURT

REGISTRAR

SCHEDULE "A"

<u>NAME OF COUNSEL</u>	<u>PARTY REPRESENTING</u>

Signature of  
~~Party~~ Lawyer for the Petitioners

<Print Name>

Signature of  
~~Party~~ Lawyer for <name of party(ies)>

<Print Name>

~~B~~No.  
Vancouver Registry

**IN THE SUPREME COURT OF**  
**BRITISH COLUMBIA**

THE MATTER OF THE  
COMPANIES' CREDITORS  
ARRANGEMENT ACT,

R.S.C. 1985, C. C-36, AS  
AMENDED

AND

IN THE MATTER OF A PLAN  
OF COMPROMISE AND  
ARRANGEMENT OF  
CANADIAN DEHUA  
INTERNATIONAL MINES  
GROUP INC.

PETITIONERS

**ORDER MADE AFTER**  
**APPLICATION**

DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444  
Fax No. 604.687.1612

File No.:

CDB/day

REGISTRAR

**Schedule "A"**

(List of Counsel)

Document comparison by Workshare 10.0 on Tuesday, May 31, 2022 2:49:37 PM

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Document 2 ID	file://C:\Users\day\Downloads\2022-04-25-Initial Order - CCAA.DOCX
Description	2022-04-25-Initial Order - CCAA
Rendering set	Standard

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Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	783





No.  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT,  
R.S.C., 1985 c. C-36, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE AND  
ARRANGEMENT OF CANADIAN DEHUA  
INTERNATIONAL MINES GROUP INC.

PETITIONER

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**PETITION TO THE COURT**

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DLA Piper (Canada) LLP  
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666 Burrard Street  
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